

Message Text

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47

ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 /024 R

DRAFTED BY OPIC/F JMOORMAN
APPROVED BY EB/IFD/ OIA:RJSMITH
OPIC/F:PCOUNTS
EB/IFD/OIA:DHSTEBBING
ARA/BR:TSHUGART (INFO)

----- 127498

R 202111Z MAY 76
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA

UNCLAS STATE 124138

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: OPIC'S LOAN POLICY

REF: BRASILIA 4129

1N RESPONSE TO REFTEL CONCERNING OPIC LOAN POLICY, FOLLOWING
ARE THE BASIC CRITERIA:

1. PROJECT MUST HAVE A U.S. INVESTOR WITH 25 PERCENT TO ONE HUNDRED PERCENT EQUITY INVESTMENT.
2. U.S. INVESTOR MUST HAVE A SUCCESSFUL HISTORY IN SAME LINE OF BUSINESS.
3. THE PROJECT MUST BE BASICALLY PRIVATE SECTOR CONTROLLED OR MANAGED.
4. CAN BE A NEW PROJECT OR AN EXPANSION OF AN EXISTING ONE. NO ACQUISITIONS OR REFINANCINGS.
5. FORTY TO FIFTY PERCENT OF PROJECT'S COST SHOULD BE UNCLASSIFIED

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AVAILABLE AS EQUITY.

6. MUST BE DEVELOPMENTALLY BENEFICIAL FOR THE HOST COUNTRY.

7. MUST NOT HAVE ANY SUBSTANTIAL ADVERSE EFFECT ON THE U.S. BALANCE OF PAYMENTS.

8. OPIC FUNDS MUST BE USED FOR U.S., LOCAL OR OTHER LDC PROCUREMENT.

9. PROJECT MUST HAVE VIABLE COMMERCIAL PROSPECTS.

10. TWO PRIMARY ADVANTAGES OF OPIC FINANCING ARE LONG TERM (5-15 YEARS) AND LACK OF REQUIREMENT OF GUARANTY FROM EITHER HOST GOVERNMENT OR PROJECT SPONSORS.

OPIC'S LOAN AGREEMENTS ARE TAILORED TO INDIVIDUAL PROJECTS AND INCLUDE STANDARD COMMERCIAL COVENANTS AND CONDITIONS. FOR A RECENT EXAMPLE, MR. GONZALEZ MIGHT REFER TO FIRCE AUTORIZACAO 10-75/93. THIS OPIC LOAN TO FABRICA LATICINIOS EUNICE WAS PROCESSED THROUGH THE OFFICE OF MR. GONZALEZ. ROBINSON

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NNN

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Margaret P. Grafeld
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